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SIPDIS

STATE FOR AF/S, DRL
NSC FOR SENIOR AFRICA DIRECTOR JFRAZER

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TAGS: [ECON](#) [ELAB](#) [PGOV](#) [ZI](#)
SUBJECT: HARD LABOR: EFFORTS TOWARDS A LIVING WAGE,
REALISTIC PRICES, AND ECONOMIC RECOVERY

Ref: Harare 267

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1. (SBU) Summary. Laboff met with labor representatives to touch base on issues including the ongoing Tripartite Negotiating Forum (TNF) talks and the proposed National Economic Recovery Plan (NERP). The TNF sub-committees are currently negotiating minimum wages, with the ball in the employers' court -- specific wages were proposed by labor and were reported back to employers for their response, with counter-proposals expected sometime this week. Although there seems to be consensus within the TNF that price controls are ineffective, nobody has assumed the burden of announcing their elimination. Finally, the Zimbabwe Congress of Trade Unions (ZCTU) continues to participate in the TNF process in an effort to exhaust all possible remedies before endorsing any call for mass action. However, once this process proves fruitless, those elements of the ZCTU who would support a call for mass action believe they could mobilize large-scale support. End summary.

Twin Pillars: Higher Wages and ...

2. (SBU) The negotiations regarding minimum wages continue, and labor has floated a proposal for three levels (in the general range of \$20,000 for agricultural workers, \$40,000 for agro-industrial workers, and \$60,000 for industrial workers), which has not yet been approved. Reportedly, the employers -- concerned about the expenses -- are discussing this in terms of viability, and are expected to come back with a counter-proposal sometime this week. If there is consensus among the social partners, the proposals will then go to the Cabinet for approval. The GOZ, of course, may make a unilateral declaration that the employers' counter-proposal is acceptable, regardless of the position taken by labor. However, labor is hopeful that agreement can be reached, since there seems to be a combined will to reach consensus on minimum wages, with only the actual amount outstanding.

... Higher Prices

3. (SBU) Regarding price controls, the unexpected report is that all three "social partners" -- including the GOZ -- recognize that price controls are neither working nor even necessary. However, they are too populist a measure for the GOZ to publicly abandon. This is one of the few public efforts being made as a concession to the "struggling masses," and nobody will accept the unpopular duty of making the suggestion to abandon controls outright. There is widespread admission, within the TNF, that price controls (if they are maintained) must be tied to the cost of inputs, including the cost of labor. The labor representatives suggested that a TNF review board will be tasked with the responsibility of reviewing controlled prices on a regular basis, and raising them as necessary.

4. (SBU) Labor is dismissive of any possibility that NERP (without addressing the underlying economic discrepancies) will ease the economic strains on the average worker. The Zimbabwe Congress of Trade Unions (ZCTU) has previously stated that only radical economic changes will have any effect on the economy, and thus on the situation of workers. Labor is equally uncertain that the TNF will adequately address the needs of workers. Despite this, the ZCTU has suggested that its participation in TNF process is necessary before it can call -- on an official level -- for support of any mass action against the GOZ. Since up to one-third of the ZCTU constituency is pro-Zanu-PF, this faction will not support mass action until all other avenues of dialogue have proven fruitless. Of course, many segments of the ZCTU are idealistically aligned with the opposition, and some will support calls for mass action regardless of their origin.

Comment

15. (SBU) Comment: The TNF process continues to chug along, although well behind schedule. Originally, the wage freeze was set to run from January through June 2003. There is still no consensus on the level at which wages should be frozen, and it is already mid-March. While the original proposal from labor groups suggested that price controls be abandoned, it is more likely that the final product will simply re-package the retreat from price controls under a new name, just as devaluation has become "export support mechanism" in GOZ-speak. Some GOZ officials have already begun to rename controls as "price management." At this point, there is working-level agreement on finding a living minimum wage and attempting to tie consumer prices to the real cost of inputs, including labor. Whether these goals can be reached remains to be seen.

16. (SBU) Labor also seems committed to playing out the role of committed "social partner" before taking on the role of opposition sympathizer. Given the many direct and sometimes personal attacks on the ZCTU by the GOZ over the past year, the labor organization seems determined to follow each step in sequence. Although it remains wary of the final product, labor seems committed to participating in the process. Negotiating with an arguably illegitimate government has its price, however. As with the Commercial Farmers Union (CFU) (reftel), GOZ spin-masters now portray ZCTU as having abandoned MDC and foreign interests, falling in line behind President Mugabe. We have no doubt that the GOZ uses these negotiations in its often successful attempts to convince other African governments that the country's political crisis is over.

Sullivan